

CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN
Report on Financial Statements
(With required supplementary and additional information)
For the Fiscal Year Ended
June 30, 2008

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DARNELL & MEYERING, P.C.

Certified Public Accountants

20600 EUREKA ROAD • SUITE 900

TAYLOR, MICHIGAN 48180

(734) 246-9240

FAX (734) 246-8635

CLINTON MEYERING, C.P.A.
RANDALL H. DARNELL, C.P.A.
DALE A. VESTRAND, C.P.A.
WENDY L. DANVILLE, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Woodhaven
Woodhaven, Michigan 48183

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven as of and for the year ended June 30, 2008 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woodhaven's management. Our responsibility is to express opinions on these financial statements based on our audit.

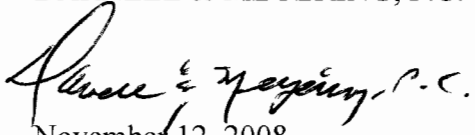
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven, as of June 30, 2008 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages vii through xiv and 40 through 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodhaven's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.



November 12, 2008

City of Woodhaven
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2008

The management of the City of Woodhaven presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. The City encourages readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The assets of the City of Woodhaven exceeded its liabilities at the close of the most recent fiscal year by \$83,605,133 (net assets). Of this amount \$13,086,383 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$114,164.
- As of the close of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$10,638,445 an increase of \$987,803 in comparison to the prior year. Approximately \$4,400,014 is available for spending at the government's discretion.
- The City of Woodhaven total debt for governmental activities decreased by \$217,851 (5.2%).
- State-shared revenue, our second largest revenue source, equaled the 2006-2007 amount of \$1,192,187 though the amount received was less than anticipated from state sources. The cumulative decrease in State Shared Revenue since 2000 is approximately 13% with the City receiving \$273,124 less per year than in 2000.
- A concerted effort was focused on holding down other expenditures to balance considerable increases in medical benefits and a 2.25% salary increase pursuant to the various union contracts.
- The balance of the Reserve for Retirees Health Insurance is insufficient to support costs related thereto. However, the City of Woodhaven is funding as current year expense the cost of retiree's health care premiums.
- Current bargaining agreements and employment contracts include that employees are to contribute \$40.00 per month to health care premium costs depending on type of coverage in which they are enrolled.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the

most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguished functions of the City of Woodhaven that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Woodhaven include general government, public safety, public works, health and welfare, community economic development, and recreation and culture. The business-type activities of the City of Woodhaven include Water and Sewer, and Recreational Vehicle Storage.

The government-wide financial statements include not only the City of Woodhaven itself (known as the primary government), but also a legally separate Downtown Development Authority for which the City of Woodhaven is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into seven categories. They are:

- A. General Government.
- B. Special Revenue – major and local streets, community activities center, community development block grant, building inspection, and police forfeitures.
- C. Debt Service – 1991 SRF bonds, 1998 expansion bonds, 2002 general bonds, 2004 expansion bonds, Honeywell and animal shelter notes payable, capitalized lease, and compensated absences. The expansion and SRF bonds represent the City's obligation to the South Huron Valley Utility Authority.
- D. Capital Projects – capital improvements (general) fund.
- E. Enterprise – water & sewer, recreational vehicle storage.
- F. Internal Service - motor pool.
- G. Trust and Agency – employee retirement funds, tax receiving fund, court fund, payroll fund, bond compliance fund, tree planting fund, engineering fees fund, and interest fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the

end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Woodhaven maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major highway, and local highway funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Woodhaven adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-4 of this report.

Proprietary funds. The City of Woodhaven maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Woodhaven uses enterprise funds to account for its Water and Sewer operations and Recreational Vehicle Storage operations. The City's other proprietary fund, the Motor Pool, is an internal service fund. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Woodhaven's various functions. The City of Woodhaven uses an internal service fund to account for its fleet of vehicles.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer fund is considered to be a major fund of the City of Woodhaven. The internal service fund is presented as a governmental fund within the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 6-9 of this report.

Fiduciary Funds. The trust and agency funds are fiduciary funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Woodhaven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10-11 of this report.

Notes to the financial statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is the budgetary comparison schedule of the major funds. Required supplementary information can be found on pages 39-46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 47-61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$83,605,133 as of June 30, 2008 as compared to \$83,719,297 at June 30, 2007.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the two periods ended June 30, 2007 & 2008:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Assets						
Current and Other Assets	\$11,545,005	\$12,534,397	\$ 6,045,872	\$ 5,703,623	\$17,590,877	\$18,238,020
Noncurrent Assets	66,305,272	65,630,219	6,253,351	5,870,491	72,558,623	71,500,710
Total Assets	\$77,850,277	\$78,164,616	\$12,299,223	\$11,574,114	\$90,149,500	\$89,738,730
Liabilities And Net Assets						
Current Liabilities	1,913,452	2,002,483	808,970	630,176	2,722,422	2,632,659
Noncurrent Liabilities	3,693,434	3,481,488	14,347	19,450	3,707,781	3,500,938
Total Liabilities	5,606,886	5,483,971	823,317	649,626	6,430,203	6,133,597
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	45,610,997	45,271,185	6,253,351	5,870,491	51,864,348	51,141,676
Invested in Joint Venture						
Net of Related Debt	16,846,275	16,702,647	-	-	16,846,275	16,702,647
Restricted	1,160,392	1,151,582	1,461,485	1,522,845	2,621,877	2,674,427
Unrestricted	8,625,727	9,555,231	3,761,070	3,531,152	12,386,797	13,086,383
Total Net Assets	\$72,243,391	\$72,680,645	\$11,475,906	\$10,924,488	\$83,719,297	\$83,605,133

Total Net Assets for the FYE 6/30/08 were \$83,605,133, representing a decrease of \$114,164.

Changes in Net Assets for the two periods ended June 30, 2007 & 2008:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Revenues						
Charges for Services	\$ 1,275,729	\$ 1,342,736	\$ 2,357,025	\$ 2,379,307	\$ 3,632,754	\$ 3,722,043
Grants & Contributions	197,309	1,319,141	-	-	197,309	1,319,141
Property taxes	10,134,817	10,744,578	-	-	10,134,817	10,744,578
State-Shared Revenues	1,820,968	1,192,187	-	-	1,820,968	1,192,187
Unrestricted Investment Earnings	705,863	525,542	287,668	229,143	993,531	754,685
Franchise Fees	169,101	225,788	-	-	169,101	225,788
Miscellaneous	499,265	370,440	59,956	207,394	559,221	577,834
Total Revenues	14,803,052	15,720,412	2,704,649	2,815,844	17,507,701	18,536,256
Program Expenses						
Including Indirect Expenses						
General Government	5,089,764	4,157,153	-	-	5,089,764	4,157,153
Public Safety	5,926,330	5,752,282	-	-	5,926,330	5,752,282
Public Works	2,087,691	3,505,301	-	-	2,087,691	3,505,301
Health and Welfare	-	-	-	-	-	-
Comm. and Econ. Dev.	24,122	180,416	-	-	24,122	180,416
Recreation and Culture	813,178	777,879	-	-	813,178	777,879
Interest on Long-Term Debt	-	203,962	-	-	-	203,962
Unallocated Depreciation Interest Expense	964,647	569,535	-	-	964,647	569,535
Water and Sewer	-	-	2,832,981	3,358,100	2,832,981	3,358,100
Rec. Vehicle Storage	-	-	8,238	9,162	8,238	9,162
Total Expenses	14,905,732	15,146,528	2,841,219	3,367,262	17,746,951	18,513,790
Change in Net Assets Before Transfers & Special Items (Deficit)	(102,680)	573,884	(136,570)	(551,418)	(239,250)	22,466
Special Items						
Change in Joint Venture Investment	91,241	(143,628)	-	-	91,241	(143,628)
Gain on Sale of Assets	14,282	6,998	-	-	14,282	6,998
Change in Net Assets After Transfers & Special Items (Deficit)	\$ 2,843	\$ 437,254	\$ (136,570)	\$ (551,418)	\$ (133,727)	\$ (114,164)

Comments on Budget Comparison

- General fund budget expenditures for 2007-2008 compared to actual varied slightly from line item to line item with the ending actual balance being \$1,160,466 less than budget or approximately 8.02%.
- General fund budget revenues provide that actual revenue was \$462,999 less than budget.

General Fund Revenue

The majority of revenue was derived from tax collections and state shared revenues. Some miscellaneous revenue is received from interest income, recreation fees, district court revenue, licenses

and fees, rents and royalties.

Business-Type Activities. Business-type activities had a decrease in net assets of \$551,418. Key elements of this decrease are as follows:

- Revenues were \$2,815,844.
- Expenses were \$3,367,262.
- An increase in usage by customers of the City's water and sewer department was to a degree offset by a decrease in permits and fees. The decrease in permits and fees is due to reduced construction activity in the downtown area.

Financial Analysis of the Government's Funds

As noted earlier, the City of Woodhaven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Woodhaven's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Woodhaven's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$10,638,445 an increase of \$987,803 in comparison with the prior year. \$4,400,014 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) the subsequent year budget, 2) prepaid expenditures, 3) other various restrictions and designations.

The general fund is the chief operating fund of the City of Woodhaven. At the end of the current fiscal year, unreserved fund balance of the general fund was \$194,298, while total fund balance reached \$6,432,729. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds. The City of Woodhaven's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$3,380,957. Other factors concerning the finances of this fund has already been addressed in the discussion of the City of Woodhaven's business-type activities.

Budget Allocation

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$6.8 million in 2008, not including health insurance and retirement contributions. Other government services accounted for in the General Fund includes general government (City Clerk, Administration, Treasurer) Department of Public Service and Recreation. General Fund expenditures decreased by approximately \$91,482 due to decreased costs for the general government, public safety, highways and streets, community & economic development, and recreation & culture.

55.2% of the City's General Fund is devoted to the wages and benefits, while 41.4% of the General Fund is allocated to the current operating expenditures. The remainder of the budget, approximately 3.4%, was expended for debt service of the South Huron Valley Utility Authority.

Budgetary Implications

The budget is impacted by a number of factors that are outside the City's control. The City in recent years has experienced a decline in the State Shared Revenues received by the State of Michigan. Those State Shared revenues have a significant impact on the ability of the City to provide much needed services to its citizens. Additionally, the City has experienced an increase in the health care premiums for its employee's as well as its eligible retiree's.

Due to Proposal A limitations and the Headlee Amendment, the growth of tax revenues other than property transfers is limited to the consumer Price Index (CPI) for the corresponding year. Lastly, the City has experienced a 2.25% increase in employee wages due to Union Contracts that are presently in place.

Capital Asset and Debt Administration

Capital assets. The City of Woodhaven's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$54,798,063 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, highways, and bridges. The total decrease in the City of Woodhaven's investment in capital assets for the current fiscal year was 1.65 percent, which resulted primarily from the current year depreciation expense.

Major capital asset events during the current fiscal year included the following:

- Installations of water meters amounting to \$135,209 were installed in the city to improve the efficiency of the water distribution system.
- New vehicles and equipment were purchased in the amount of \$396,281, and \$110,266 of vehicles and equipment was disposed.

The following information represents data about capital assets net of depreciation. More detailed information about capital assets can be found in Note 5 to the financial statements. Total depreciation expense for the year was \$1,133,068 for governmental activities and \$518,677 for business-type activities.

	Governmental Activities	Business-Type Activities	2008 Total	2007 Total
Land	\$ 31,672,540	\$ 11,500	\$31,684,040	\$31,627,455
Buildings	7,940,451	317,437	8,257,888	8,662,133
Site Improvements	272,972	24,130	297,102	204,852
Vehicles & Equipment	1,358,142	8,923	1,367,065	1,286,163
Furniture & Fixtures	51,101	-	51,101	56,730
Infrastructure	7,632,366	5,508,501	13,140,867	13,875,015
Totals	<u>\$ 48,927,572</u>	<u>\$ 5,870,491</u>	<u>\$ 54,798,063</u>	<u>\$ 55,712,348</u>

The following table presents information regarding the outstanding debt:

	Governmental Activities	Business-Type Activities	2008 Total	2007 Total
General Obligation Bonds	\$ 2,650,000	\$ -	\$ 2,650,000	\$ 2,750,000
Notes Payable	1,006,387	-	1,006,387	1,098,000
Compensated Absences	333,943	21,018	354,961	376,122
Totals	<u>\$ 3,990,330</u>	<u>\$ 21,018</u>	<u>\$ 4,011,348</u>	<u>\$ 4,224,122</u>

Economic Factors and Next Year's Budget

General Fund budget expenditures are expected to increase 3.72% to \$14,486,896. The incremental increases in wages, benefits, and debt repayment will have the most significant impact on the 2007 - 2008 budget as well as future operating budgets. Negotiations with the bargaining units have been completed. The City did complete a \$6.0 million bond for road improvements. 1.50 mills of the total 18.33 levy have been designated to pay principal and interest on the bonds.

The City is obligated with seven other local communities for the construction of an equalization basin as part of the South Huron Valley Utility Authority to control excess sewage flow during peak water events. The City's obligation to this project in 2008 - 2009 is \$505,025 for payments on the Authority's outstanding bonds. Additionally, the City has agreed to a joint venture with the City of Trenton to operate an animal shelter, the budget of which is \$168,841 for fiscal year 2008-2009.

The City is not anticipating further reductions to State shared revenue. However, if further reductions take place, the City is prepared to make necessary adjustments in its general fund budget to offset the reduction.

The City will maintain its millage rate 18.33 for 2008 - 2009. The City will maintain the water and sewer rates at \$4.40 per thousand gallons.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (734) 675-4932 or mail to 21869 West Road, Woodhaven, MI 48183.

City of Woodhaven
Statement of Net Assets
June 30, 2008

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Downtown Dev. Authority
Assets		Total	
Current Assets:			
Cash	\$ 1,659,848	\$ 364,301	\$ 2,024,149
Cash Equivalents	5,554,189	3,291,629	8,845,818
Receivables - Net of Allowances	722,476	425,534	1,148,010
Due From Fiduciary Funds	30,543	-	30,543
Due From Component Unit	2,956	-	2,956
Internal Balances, Governmental & Business-Type	11,639	(11,639)	-
Inventory	19,496	93,888	113,384
Prepaid Expenditures	172,427	17,065	189,492
Total Current Assets	8,173,574	4,180,778	12,354,352
			5,674,590
Restricted Assets:			
Cash and Cash Equivalents	4,360,823	1,522,845	5,883,668
Total Restricted Assets	4,360,823	1,522,845	5,883,668
Noncurrent Assets:			
Capital Assets Not Being Depreciated	31,672,540	11,500	31,684,040
Capital Assets Being Depreciated	55,366,841	11,998,373	67,365,214
Less Accumulated Depreciation	(38,111,809)	(6,139,382)	(44,251,191)
Investment in Joint Venture - SHVUA	16,304,276	-	16,304,276
Investment in Joint Venture - 33rd District Court	398,371	-	398,371
Total Noncurrent Assets	65,630,219	5,870,491	71,500,710
Total Assets	\$ 78,164,616	\$ 11,574,114	\$ 89,738,730
			\$ 5,674,590

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Downtown Dev. Authority	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 521,572	\$ 357,566	\$ 879,138	\$ 6,698	
Accrued Salaries Payable	132,567	2,061	134,628	-	
Deferred Revenue	11,342	-	11,342	-	
Due To Fiduciary Funds	759,335	71,631	830,966	-	
Due To Primary Government	-	-	-	2,956	
Accrued Interest Payable	68,825	-	68,825	-	
Deposits Payable	-	197,350	197,350	-	
Current Portion of Compensated Absences	33,943	1,568	35,511	-	
Current Portion of Notes Payable	349,899	-	349,899	-	
Current Portion of Bonds Payable	125,000	-	125,000	-	
Total Current Liabilities	2,002,483	630,176	2,632,659	9,654	
Noncurrent Liabilities:					
Compensated Absences	300,000	19,450	319,450	-	
Notes Payable	656,488	-	656,488	-	
Bonds Payable	2,525,000	-	2,525,000	-	
Total Noncurrent Liabilities	3,481,488	19,450	3,500,938	-	
Total Liabilities	5,483,971	649,626	6,133,597	9,654	
Net Assets:					
Invested in Capital Assets Net of Related Debt	45,271,185	5,870,491	51,141,676	-	
Invested in Joint Ventures Net of Related Debt	16,702,647	-	16,702,647	-	
Restricted for:					
Debt Service	17,817	-	17,817	-	
Capital Projects	188,300	1,450,006	1,638,306	-	
Healthcare	945,465	72,839	1,018,304	-	
Unrestricted	9,555,231	3,531,152	13,086,383	5,664,936	
Total Net Assets	72,680,645	10,924,488	83,605,133	5,664,936	
Total Liabilities and Net Assets	\$ 78,164,616	\$ 11,574,114	\$ 89,738,730	\$ 5,674,590	

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Activities
Year Ended June 30, 2008

Functions/programs	Primary Government					Component Unit		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities		Business-Type Activities	Total
Governmental activities:								
General Government	\$ 4,157,153	\$ 797,082	\$ -	-	\$ (3,360,071)	\$ -	\$ (3,360,071)	\$ -
Public Safety	5,752,282	368,618	431,671	96,080	(4,855,913)	-	(4,855,913)	-
Highways and Streets	3,505,301	-	584,885	-	(2,920,416)	-	(2,920,416)	-
Community and Economic Devl.	180,416	-	154,975	51,530	26,089	-	26,089	-
Recreation and Culture	777,879	177,036	-	-	(600,843)	-	(600,843)	-
Interest on Long-Term Debt	203,962	-	-	-	(203,962)	-	(203,962)	-
Unallocated Depreciation	569,535	-	-	-	(569,535)	-	(569,535)	-
Total Governmental Activities	15,146,528	1,342,736	1,171,531	147,610	(12,484,651)	-	(12,484,651)	-
Business-type activities:								
Water and Sewer	3,358,100	2,361,785	-	-	-	(996,315)	(996,315)	-
Recreational Vehicle Storage	9,162	17,522	-	-	-	8,360	8,360	-
Total Business-type activities	3,367,262	2,379,307	-	-	-	(987,955)	(987,955)	-
Total primary government	\$ 18,513,790	\$ 3,722,043	\$ 1,171,531	\$ 147,610	\$ (12,484,651)	\$ (987,955)	\$ (13,472,606)	\$ -
Component unit:								
Downtown Development Auth.	\$ 121,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (121,648)
	\$ 121,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (121,648)

General Revenues:				
Property taxes	10,744,578	-	10,744,578	1,313,196
State-Shared Revenues	1,192,187	-	1,192,187	-
Unrestricted Investment Earnings	525,542	229,143	754,685	242,144
Franchise Fees	225,788	-	225,788	-
Miscellaneous	370,440	207,394	577,834	1,952
Special Item - Change in SHVUA Joint Venture	(32,188)	-	(32,188)	-
Special Item - Change in 33rd D.C. Joint Venture	(111,440)	-	(111,440)	-
Special Item - Gain on Sale of Assets	6,998	-	6,998	-
Total General Revenues	<u>12,921,905</u>	<u>436,537</u>	<u>13,358,442</u>	<u>1,557,292</u>
Change in Net Assets	437,254	(551,418)	(114,164)	1,435,644
Net Assets, Beginning of Year	<u>72,243,391</u>	<u>11,475,906</u>	<u>83,719,297</u>	<u>4,229,292</u>
Net Assets, End of Year	<u>\$ 72,680,645</u>	<u>\$ 10,924,488</u>	<u>\$ 83,605,133</u>	<u>\$ 5,664,936</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Major Highway Fund	Police Forfeiture Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	\$ 957,414	\$ 182,764	\$ 409,451	\$ 88,834	\$ 1,638,463
Cash Equivalents	1,732,933	1,886,376	774,542	828,746	5,222,597
Receivables:					
Taxes Receivable	4,755	-	-	-	4,755
Accounts Receivable	98,161	-	-	-	98,161
Accrued Interest	49,214	5,272	7,302	-	61,788
Intergovernmental	394,136	64,159	-	89,424	547,719
Due From Other Funds	94,626	-	-	97,896	192,522
Due From Component Units	2,956	-	-	-	2,956
Prepaid Expenses	123,828	-	-	-	123,828
Restricted Assets:					
Cash & Cash Equivalents	4,346,675	-	-	-	4,346,675
Total Assets	\$ 7,804,698	\$ 2,138,571	\$ 1,191,295	\$ 1,104,900	\$ 12,239,464
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 426,716	\$ 1,001	\$ 59,590	\$ 2,642	\$ 489,949
Deferred Revenue	11,342	-	-	-	11,342
Accrued Payroll	125,862	222	-	3,049	129,133
Due To Other Funds	48,714	97,896	-	64,650	211,260
Due To Fiduciary Funds	759,335	-	-	-	759,335
Total Liabilities	1,371,969	99,119	59,590	70,341	1,601,019
Fund Balances:					
Reserve For:					
Prepaid Expenditures	123,828	-	-	-	123,828
Restricted Reserves	3,401,210	-	-	-	3,401,210
Designated - General Obligation Debt	777,660	-	-	-	777,660
Designated - Health Care	945,465	-	-	-	945,465
Designated - Subsequent Years	990,268	-	-	-	990,268
Undesignated	194,298	2,039,452	1,131,705	1,034,559	4,400,014
Total Fund Balances	6,432,729	2,039,452	1,131,705	1,034,559	10,638,445
Total Liabilities and Fund Balances	\$ 7,804,698	\$ 2,138,571	\$ 1,191,295	\$ 1,104,900	\$ 12,239,464

Total Governmental Fund Balances		\$ 10,638,445
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are financial resources and are not reported in the funds		
The cost of capital assets, less internal service fund, is	\$ 82,930,260	
Accumulated depreciation, less internal service fund, is	<u>(34,926,265)</u>	48,003,995
Internal service fund assets and liabilities are included in governmental activities in the statement of net assets.		
Internal service fund assets	1,429,770	
Internal service fund liabilities	<u>(351,213)</u>	1,078,557
Investments in Joint Ventures, SHVUA & 33rd District Court		16,702,647
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Compensated absences and severance benefits, excluding internal service fund		(314,902)
Long term obligations, excluding internal service fund		(3,363,306)
Accrued interest payable is not included as a liability in governmental funds		(64,791)
Net assets of governmental activities		<u>\$ 72,680,645</u>

City of Woodhaven
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2008

	General Fund	Major Highway Fund	Police Forfeiture Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 10,744,578	\$ -	\$ -	\$ -	\$ 10,744,578
Interest Income	384,152	81,289	29,794	17,664	512,899
Federal Grants	16,000	-	478,755	206,505	701,260
State Sources	1,227,855	391,586	32,996	193,299	1,845,736
Program Fees	-	-	-	18,310	18,310
License and Permit Fees	27,098	-	-	273,857	300,955
Franchise Fees	198,138	-	-	-	198,138
Other Revenues	1,214,654	-	-	10,651	1,225,305
Total Revenues	13,812,475	472,875	541,545	720,286	15,547,181

Expenditures:					
Current:					
General Government	2,899,715	-	-	355,063	3,254,778
Public Safety	6,024,021	-	124,384	-	6,148,405
Highways & Streets	2,255,199	452,443	-	906,112	3,613,754
Community & Economic Devel.	25,441	-	-	206,505	231,946
Recreation & Culture	708,606	-	-	76,074	784,680
Debt Payments:					
Principal	-	-	-	366,972	366,972
Interest	-	-	-	158,843	158,843
Total Expenditures	11,912,982	452,443	124,384	2,069,569	14,559,378

Excess (Deficiency) of Revenues Over Expenditures	1,899,493	20,432	417,161	(1,349,283)	987,803
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	General Fund	Major Highway Fund	Police Forfeiture Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Transfer from Major Highway	-	-	-	855,584	855,584
Transfer from General Fund	-	-	-	623,712	623,712
Transfer to Capital Projects		-	-	-	-
Transfer to Local Highway	(855,584)	(97,896)	-	-	(953,480)
Transfer to Debt Service	(525,816)	-	-	-	(525,816)
Total Other Financing Sources (Uses):	(1,381,400)	(97,896)	-	1,479,296	-
Net Change in Fund Balances	518,093	(77,464)	417,161	130,013	987,803
Fund Balances:					
Beginning of Year	5,914,636	2,116,916	714,544	904,546	9,650,642
End of Year	<u>\$ 6,432,729</u>	<u>\$ 2,039,452</u>	<u>\$ 1,131,705</u>	<u>\$ 1,034,559</u>	<u>\$ 10,638,445</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances total governmental funds	\$ 987,803
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Depreciation expense, excluding internal service depreciaton	(898,894)
Capital outlay	282,206
Net loss on asset disposals, excluding internal service fund	(3,002)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

Repayments of SHVUA debt principal	366,972
Accrued interest payable beginning of the year	26,680
Accrued interest payable end of the year	(64,791)

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	333,743
Accrued compensated absences end of the year	(314,902)

Net revenue of internal service fund reported in governmental activities	(134,933)
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Change in joint venture investments	(143,628)
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Change in net assets of governmental activities	\$ 437,254
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The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			
	Water & Sewer	Vehicle Storage	Total	Internal Service
Assets				
Current Assets:				
Cash	\$ 215,169	\$ 149,132	\$ 364,301	\$ 21,385
Cash equivalents	3,291,629	-	3,291,629	331,592
Receivables - net of allowances	410,968	-	410,968	-
Accrued interest receivable	13,308	1,258	14,566	1,103
Inventory	93,888	-	93,888	19,496
Prepaid expenses	17,065	-	17,065	48,599
Due from other funds	270	-	270	69,870
Total Current Assets	4,042,297	150,390	4,192,687	492,045
Restricted Assets:				
Restricted cash equivalents	1,522,845	-	1,522,845	14,148
Total Restricted Assets	1,522,845	-	1,522,845	14,148
Noncurrent Assets:				
Capital assets	11,976,968	32,905	12,009,873	4,109,121
Less accumulated depreciation	6,130,607	8,775	6,139,382	3,185,544
Total Noncurrent Assets	5,846,361	24,130	5,870,491	923,577
Total Assets	\$ 11,411,503	\$ 174,520	\$ 11,586,023	\$ 1,429,770

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			
	Water & Sewer	Vehicle Storage	Total	Internal Service
Liabilities				
Current Liabilities:				
Accounts payable	\$ 357,566	\$ -	\$ 357,566	\$ 31,623
Accrued payroll	1,866	195	2,061	3,434
Accrued interest payable	-	-	-	4,034
Due to fiduciary fund	71,631	-	71,631	-
Due to other funds	11,909	-	11,909	-
Deposits payable	197,350	-	197,350	-
Note payable-current portion	-	-	-	69,370
Compensated absences-current portion	1,568	-	1,568	-
Total Current Liabilities	641,890	195	642,085	108,461
Noncurrent Liabilities:				
Note payable	-	-	-	223,711
Compensated absences payable	19,450	-	19,450	19,041
Total Noncurrent Liabilities	19,450	-	19,450	242,752
Total Liabilities	661,340	195	661,535	351,213
Net Assets:				
Invested in capital assets, net of related debt	5,846,361	24,130	5,870,491	630,496
Net Assets:				-
Restricted for depreciation and super sewe	1,450,006	-	1,450,006	-
Restricted for healthcare	72,839	-	72,839	14,148
Unrestricted	3,380,957	150,195	3,531,152	433,913
Total Net Assets	10,750,163	174,325	10,924,488	1,078,557
Total Liabilities & Net Assets	\$ 11,411,503	\$ 174,520	\$ 11,586,023	\$ 1,429,770

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Revenues, Expenses
And Changes in Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities Enterprise Funds			Governmental Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Operating Revenues:				
Charges for services	\$ 2,361,785	\$ 17,522	\$ 2,379,307	\$ 731,044
Miscellaneous	207,394	-	207,394	17,682
Total Operating Revenues	<u>2,569,179</u>	<u>17,522</u>	<u>2,586,701</u>	<u>748,726</u>
Operating Expenses:				
Wages and benefits	649,003	7,681	656,684	299,803
Operations and maintenance	2,191,726	175	2,191,901	365,315
Depreciation	517,371	1,306	518,677	234,177
Interest	-	-	-	7,007
Total Operating Expenses	<u>3,358,100</u>	<u>9,162</u>	<u>3,367,262</u>	<u>906,302</u>
Net Operating Income (Loss)	<u>(788,921)</u>	<u>8,360</u>	<u>(780,561)</u>	<u>(157,576)</u>
Nonoperating Revenue:				
Gain on disposal of equipment	-	-	-	10,000
Interest on investments	<u>223,859</u>	<u>5,284</u>	<u>229,143</u>	<u>12,642</u>
Total Nonoperating Revenue	<u>223,859</u>	<u>5,284</u>	<u>229,143</u>	<u>22,642</u>
Change in Net Assets	(565,062)	13,644	(551,418)	(134,934)
Total Net Assets, beginning of year	<u>11,315,225</u>	<u>160,681</u>	<u>11,475,906</u>	<u>1,213,491</u>
Total Net Assets, end of year	<u>\$ 10,750,163</u>	<u>\$ 174,325</u>	<u>\$ 10,924,488</u>	<u>\$ 1,078,557</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Proprietary Fund Type Statements of Cash Flows
For the Year Ended June 30, 2008

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal
	Water & Sewer	Vehicle Storage	Total	Service
Cash flows from operating activities:				
Cash received from customers	\$ 2,171,331	\$ 17,522	\$ 2,188,853	\$ 17,682
Cash paid to suppliers	(2,097,313)	(175)	(2,097,488)	(401,683)
Cash paid to employees	(650,581)	(7,646)	(658,227)	(310,512)
Cash received from interfund services provided	-	-	-	661,822
Net cash provided by operating activities	(576,563)	9,701	(566,862)	(32,691)
Cash flows from capital and related financing activities:				
Purchases of capital assets	(135,818)	-	(135,818)	(312,440)
Proceeds from issuance of debt	-	-	-	202,945
Principal paid on capital debt	-	-	-	(27,586)
Interest paid on capital debt	-	-	-	(5,097)
Net cash (used) for capital and related financing activities	(135,818)	-	(135,818)	(142,178)
Cash flows from investing activities:				
Net Proceeds from sale of cash equivalents	498,160	86,811	584,971	166,878
Interest and dividends	214,801	4,026	218,827	12,350
Net cash provided (used) by investing activities	712,961	90,837	803,798	179,228
Net increase (decrease) in cash and cash equivalents	580	100,538	101,118	4,359
Cash and cash equivalents at beginning of year	214,589	48,594	263,183	17,026
Cash at end of year	\$ 215,169	\$ 149,132	\$ 364,301	\$ 21,385
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (788,922)	\$ 8,360	\$ (780,562)	\$ (167,663)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	517,371	1,306	518,677	244,264
Interest paid on capital debt				7,007
Changes in assets and liabilities:				
Accounts receivable	18,349	-	18,349	-
Inventory	2,012	-	2,012	(16,202)
Due from other funds	(152,074)	-	(152,074)	(69,222)
Prepaid expenses	(11,483)	-	(11,483)	(30,783)
Accounts and other payables	103,885	35	103,920	10,617
Accrued payroll / taxes	(6,655)		(6,655)	(3,313)
Deposits payable	(270,501)		(270,501)	-
Due to other funds	6,378		6,378	-
Compensated absences payable	5,077		5,077	(7,396)
Net cash provided by operating activities	\$ (576,563)	\$ 9,701	\$ (566,862)	\$ (32,691)

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Fiduciary Funds
June 30, 2008

	Pension Trust Funds	Agency Funds
Assets:		
Cash & Cash Equivalents	\$ 626,708	\$ 1,800,395
Investments	18,347,723	-
Accrued Interest & Dividends	44,887	5,266
Due From Other Funds	884,991	-
Total Assets	<u>\$ 19,904,309</u>	<u>\$ 1,805,661</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ -	\$ 32,480
Due to General Fund	-	30,544
Due to Retirement Fund	-	54,025
Due to other governments	-	4,353
Deferred Revenue	-	10
Taxes Payable	-	1
Bond Compliance Deposits	-	863,952
Escrow Payable	-	5,000
Tree Planting	-	18,630
Obligations to Employees	-	
Retirees Benefits	-	796,666
Total Liabilities	<u>\$ -</u>	<u>\$ 1,805,661</u>
Net Assets:		
Net Assets Held in Trust	<u>\$ 19,904,309</u>	\$ -
Total Net Assets	<u>\$ 19,904,309</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2008

	Pension Trust Funds
ADDITIONS:	
Contributions	
Employer	\$ 1,079,010
Plan member	228,857
Total contributions	<u>1,307,867</u>
Investment Income	
Net depreciation in fair value of investments	(2,401,721)
Interest and dividends	400,673
Gain on sale of investments	823,447
Other Receipts	984
Total investment (loss)	<u>(1,176,617)</u>
Investment expense	<u>(54,144)</u>
Net investment (loss)	<u>(1,230,761)</u>
 TOTAL ADDITIONS (REDUCTIONS)	 <u>77,106</u>
DEDUCTIONS:	
Benefits	<u>1,155,504</u>
TOTAL DEDUCTIONS	<u>1,155,504</u>
CHANGE IN NET ASSETS (DECREASE)	(1,078,398)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	20,982,707
End of Year	<u><u>\$ 19,904,309</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodhaven, Michigan is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the City's component unit.

<u>Fund</u>	<u>Year End</u>
City of Woodhaven Downtown Development Authority	June 30, 2008

All of the financial information was derived from audited annual financial statements. The Downtown Development Authority adopts the modified accrual basis of accounting.

Act 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes

CITY OF WOODHAVEN
Notes to the Financial Statements
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collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Major Highway Fund* is a special revenue fund used to account for funds used for major highway projects.

The *Police Forfeiture Fund* is a special revenue fund used to account for funds used for drug law enforcement.

The City reports the following major proprietary fund:

The *Enterprise Fund* - Water and Sewer Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City also has an Internal Service Fund. The Internal Service Fund is used to account for motor vehicle services provided to all City departments by the Motor Pool.

Additionally, the City of Woodhaven reports the following fund types:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The following are fiduciary funds reported by the city:

CITY OF WOODHAVEN
Notes to the Financial Statements
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Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Pension Trust Funds (Defined Benefit and Defined Contribution) account for the activities of the municipal employees retirement system, which accumulates resources for pension, benefit payments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the opinion of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's internal service function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) changes to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, and of the government's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
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D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the City intends to hold the investment until maturity.

Act 217, P.A. 1982, authorizes the City to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies;
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146);
3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time;
4. United States government or Federal agency obligation repurchase agreements;
5. Banker's acceptance of United States banks;
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

2. *Receivables and Payables*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds). Any residual balances between the governmental activities are reported in the

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

government-wide financial statements as “internal balances.” All trade and property tax receivables are shown as net of allowance for uncollectable amounts.

3. Fund Equity Balances – Restricted Assets

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective Funds as follows:

Unreserved:

Undesignated - Represents the remainder of the City's equity and uncommitted as of June 30, 2008.

4. Capital Assets

Capital assets include property, plant, and equipment. These are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation on all assets is provided using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvement	20-40 years
Vehicles	5 years
Other Equipment	5-20 years
Furniture & Fixtures	5-15 years
Infrastructure	40 years

5. Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

from City service. In governmental and fiduciary funds, the cost of the sick leave is recognized when payments are made and expected within a year. Liability of \$333,943 of accrued sick and vacation leave at June 30, 2008, has been recorded in the government-wide financial statements, representing the "City" commitment to such costs from future operations. Proprietary Funds accrue sick leave in the period it is earned.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the government's council for review. The government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The government's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's council must within the revenues and reserves estimate any changes in the budget as available. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the fiscal year ended June 30, 2008, expenses exceeded appropriations in two activities in the General Fund.

General Government	\$ 31,161
Huron Valley Waste Control	\$ 60,069

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust and Public Employee Health Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

A. Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City. These assessments are performed by the City at least annually. At year end, the City's carrying amount of deposits for the general government, restricted and unrestricted were \$24,834,512. The carrying amount consisted of \$11,574,860 in governmental activities, \$5,178,774 in business-type activities, \$5,653,775 in the component unit, and \$2,427,103 in agency funds. The total bank balances were \$24,377,376, of which \$23,977,376 was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits due of FDIC insurance, it is impractical to insure all deposits.

B. Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the City's pension funds fixed income investments had \$1,173,313 invested in U.S. Treasury Obligations with average maturity of 5.69 years, \$403,502 invested in federal agency obligations that will mature immediately, \$1,272,471 invested in corporate bonds with an average maturity of 6.75 years, \$124,717 invested in foreign backed securities with an average maturity of 9.75 years,

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

\$1,109,448 invested in mortgage backed securities with an average maturity of 21.19 years, and \$529,044 invested in asset backed securities with an average maturity of 10.61 years.

C. Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of the pension fund debt (fixed income) securities are as follows:

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. Government Obligations	\$ 1,173,313	AAA	Moody's
U.S. Government Obligations	403,502	Not Rated	N/A
Corporate Bonds	79,861	A+	Moody's
Corporate Bonds	111,817	A-1	Moody's
Corporate Bonds	15,762	A-3	Moody's
Corporate Bonds	39,521	AA	Moody's
Corporate Bonds	135,059	AA-	Moody's
Corporate Bonds	92,377	AA2	Moody's
Corporate Bonds	29,502	AA3	Moody's
Corporate Bonds	9,962	AAA	Moody's
Corporate Bonds	48,818	BAA1	Moody's
Corporate Bonds	9,318	BAA2	Moody's
Corporate Bonds	127,657	BBB	Moody's
Corporate Bonds	59,019	BBB-	Moody's
Corporate Bonds	103,528	BBB+	Moody's
Corporate Bonds	410,270	Not Rated	N/A
Foreign	124,717	A+	Moody's
Mortgage	48,312	AAA	Moody's
Mortgage	1,061,136	Not Rated	N/A
Asset	116,233	AAA	Moody's
Asset	412,811	Not Rated	N/A
Total Debt Investments	4,612,495		
<u>Non-Debt Investments:</u>			
Money Market Funds	671,595	N/A	N/A
Common Stocks	6,962,459	N/A	N/A
Mutual Funds	4,019,307	N/A	N/A
Total Defined Benefit Investments	16,265,856		
<u>Defined Contribution Plan:</u>			
Mutual Funds	2,708,575	N/A	N/A
Total Pension Trust Fund Investments	\$ 18,974,431		

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

D. Concentration of Credit Risk

The City's Pension Trust Fund places no limit on the amount the City may invest in one issuer.

E. Foreign Currency Risk

The City's pension funds include investments in foreign bonds listed above under audit risk by rating. These amounts are valued in U.S. dollars.

NOTE 4. RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	<u>Interest</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Intergov- ernmental</u>	<u>Total Receivable</u>
Receivables:					
Governmental Activities	\$ 62,891	\$ 4,755	\$107,111	\$ 547,719	\$ 722,476
Business-Type Activities	14,566	-	259,164	151,804	425,534
Downtown Development Authority	20,815	-	-	-	20,815
Total	<u>\$ 98,272</u>	<u>\$ 4,755</u>	<u>\$366,275</u>	<u>\$ 699,523</u>	<u>\$ 1,168,825</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

NOTE 5. CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balances</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
	<u>Governmental</u>	<u>Motor Pool</u>			
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 31,615,955	\$ -	\$ -	\$ -	\$ 31,615,955
Construction in progress	-	-	56,585	-	56,585
Subtotal	31,615,955	-	56,585	-	31,672,540
Capital assets being depreciated					
Buildings	12,753,863	-	40,795	(4,967)	12,789,691
Site improvements	338,378	70,462	101,828	-	510,668
Vehicles & equipment	3,029,827	3,826,485	396,281	(110,266)	7,142,327
Furniture & fixtures	249,584	-	9,157	-	258,741
Infrastructure	34,665,414	-	-	-	34,665,414
Subtotal	51,037,066	3,896,947	548,061	(115,233)	55,366,841
Less accumulated depreciation for:					
Buildings	(4,472,191)	-	(378,153)	1,104	(4,849,240)
Site improvements	(162,320)	(58,102)	(18,134)	860	(237,696)
Vehicles & equipment	(2,566,617)	(3,003,532)	(324,302)	110,266	(5,784,185)
Furniture & fixtures	(196,865)	-	(10,775)	-	(207,640)
Infrastructure	(26,631,344)	-	(401,704)	-	(27,033,048)
Subtotal	(34,029,337)	(3,061,634)	(1,133,068)	112,230	(38,111,809)
Net capital assets being depreciated	17,007,729	835,313	(585,007)	(3,003)	17,255,032
Capital assets-net of depreciation	\$ 48,623,684	\$ 835,313	\$ (528,422)	\$ (3,003)	\$ 48,927,572

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 310,502
Parks & Recreation	74,511
Public Safety, Fire & Police	35,590
Street Maintenance & Snow Removal	142,930
Unallocated & Infrastructure	<u>569,535</u>
Total governmental activities depreciation expense	<u>\$ 1,133,068</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 11,500	\$ -	\$ -	\$ 11,500
Subtotal	11,500	-	-	11,500
Capital assets being depreciated				
Buildings	579,664	-	(56,145)	523,519
Furniture & Equipment	310,102	4,947	(280,568)	34,481
Sewer lines	5,312,370	-	-	5,312,370
Sump Pump Coll. Sys	269,280	-	-	269,280
Vehicles	179,261	-	(225)	179,036
Water mains	4,623,078	-	-	4,623,078
Water meters	897,633	86,571	-	984,204
Site improvements	21,206	51,199		72,405
Subtotal	12,192,594	142,717	(336,938)	11,998,373
Less accumulated depreciation for:				
Building	(199,203)	(56,698)	49,819	(206,082)
Furniture & fixtures	(306,091)	(8,609)	280,219	(34,481)
Sewer lines	(2,757,051)	(215,081)		(2,972,132)
Sump Pump Coll. Sys	(79,987)	(33,835)		(113,822)
Vehicles	(164,640)	(5,473)		(170,113)
Water mains	(2,032,085)	(96,157)		(2,128,242)
Water meters	(406,914)	(59,321)	-	(466,235)
Site improvements	(4,772)	(43,503)		(48,275)
Subtotal	(5,950,743)	(518,677)	330,038	(6,139,382)
Net capital assets being depreciated	6,241,851	(375,960)	(6,900)	5,858,991
Capital assets-net of depreciation	\$ 6,253,351	\$ (375,960)	\$ (6,900)	\$ 5,870,491

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

Depreciation was charged to functions as follows:

Business-type activities:	
Water	\$ 517,371
Recreational Vehicle Storage	1,306
Total Business-type activities depreciation expense	<u>\$ 518,677</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables are as follows:

	<u>General</u>	<u>Local Highway</u>	<u>Capital Improvement</u>	<u>Employee Retirement</u>	<u>Motor Pool</u>	<u>Water & Sewer</u>	<u>Interfund Payable</u>
General	\$ -	\$ -	\$ -	\$ 759,335	\$ 48,444	\$ 270	\$ 808,049
Major Hwy	-	97,896	-	-	-	-	97,896
Debt Services	6,333	-	-	-	-	-	6,333
Water & Sewer	-	-	-	71,631	11,909	-	83,540
Block Grant	57,750	-	-	-	-	-	57,750
Building Dept	-	-	-	-	567	-	567
Retirees Medical	-	-	-	54,025	-	-	54,025
Trust and Agency	30,439	-	-	-	-	-	30,439
Tax Receiving	54	-	-	-	-	-	54
Payroll	50	-	-	-	-	-	50
DDA	2,956	-	-	-	-	-	2,956
Total Interfund Receivable	<u>\$ 97,582</u>	<u>\$ 97,896</u>	<u>\$ -</u>	<u>\$ 884,991</u>	<u>\$ 60,920</u>	<u>\$ 270</u>	<u>\$ 1,141,659</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

The amount of interfund transfers are as follows:

	Transfers In:		
	<u>Local Highway</u>	<u>Debt Service</u>	<u>Total</u>
Transfers Out:			
Major Highway	\$ 97,896	\$ -	\$ 97,896
General	855,584	525,816	1,381,400
	<u>\$ 953,480</u>	<u>\$ 525,816</u>	<u>\$ 1,479,296</u>

The purpose of these transfers was to transfer 25% of Major Highway Revenue, to assist in Local Highway projects, and to fund general obligation debt payments.

Note 7. LONG-TERM DEBT

The following is a summary of long-term obligations of the City for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds Payable</u>					
2002 General Bonds	2,750,000		100,000	2,650,000	125,000
Total Bonds	<u>2,750,000</u>	<u>-</u>	<u>100,000</u>	<u>2,650,000</u>	<u>125,000</u>
<u>Notes Payable</u>					
Suntrust Note	117,722	-	27,586	90,136	28,781
Honeywell Note	639,075	-	229,584	409,491	241,743
Animal Shelter Note	341,203	-	37,388	303,815	38,786
Comerica Note	-	202,945	-	202,945	40,589
Total Notes	<u>1,098,000</u>	<u>202,945</u>	<u>294,558</u>	<u>1,006,387</u>	<u>349,899</u>
Compensated Absences	360,181	-	26,238	333,943	33,943
Total	<u>\$ 4,208,181</u>	<u>\$ 202,945</u>	<u>\$ 420,796</u>	<u>\$ 3,990,330</u>	<u>\$ 508,842</u>
Business-Type Activities:					
Compensated Absences	22,586	-	1,568	21,018	1,568
Total	<u>\$ 22,586</u>	<u>\$ -</u>	<u>\$ 1,568</u>	<u>\$ 21,018</u>	<u>\$ 1,568</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Term</u>
2002 bonds	3.250% - 4.750%	\$2,650,000	20 years

The annual requirement to service the general obligation bonds including principal and interest are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	125,000	115,400	240,400
2010	125,000	110,556	235,556
2011	125,000	105,432	230,432
2012	150,000	100,275	250,275
2013	150,000	93,900	243,900
2014-2018	900,000	370,675	1,270,675
2019-2022	1,075,000	132,425	1,207,425
Total	<u>\$ 2,650,000</u>	<u>\$ 1,028,663</u>	<u>\$ 3,678,663</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

Bank loans:

The City has bank loans for the acquisition of fixed assets. The obligations currently outstanding are as follows:

Note, Suntrust. Due in annual installments of \$32,683.94 through February 1, 2011, with interest of 4.33%.	\$ 90,136
Note, Honeywell Renovations. Due in monthly installments of \$21,376.39 through February 1, 2010, with interest of 4.93%.	409,491
Note, Animal Shelter. Due in annual installments of \$50,148.58 through October 11, 2014 with interest of 3.74%.	303,815
Note, Comerica. Due in annual installments of \$40,589.00 plus interest of 3.65% through March 1, 2013.	<u>202,945</u>
	<u>\$ 1,006,387</u>

The annual requirements to service the Suntrust, Honeywell, Animal Shelter and Comerica Notes, including principal and interest are as follows:

Fiscal Year Ending			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	349,899	37,476	387,375
2010	278,687	21,671	300,358
2011	113,658	14,209	127,867
2012	83,891	9,809	93,700
2013	85,511	6,708	92,219
2014-2015	94,741	5,351	100,092
Total	<u>\$ 1,006,387</u>	<u>\$ 95,224</u>	<u>\$ 1,101,611</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

NOTE 8. POST – EMPLOYMENT BENEFITS

Post-employment benefits, other than pension benefits, are provided to police officers and to five former salaried employees of the City of Woodhaven. These benefits consist of health care benefits and are recognized as an expenditure of the General Fund, Water Fund and Motor Pool Fund when premiums are paid. For fiscal year 2007-2008, these premiums totaled \$241,791. These funds for police officers are accounted for within the Retiree's Benefit Fund.

On October 1, 1990 the newly signed TPOAM union contract for the city workers other than police, fire, and salaried personnel, required the City of Woodhaven, to establish a separate bank account or investment with a beginning balance of \$15,000 to be utilized to pay medical benefits for retired A.F.S.C.M.E. (currently TPOAM) members.

The city was required to pay the initial \$15,000 and the union would provide additional funding through newly hired workers hired subsequent to July 18, 1990. The new hires would receive only 70% of the established union starting hourly rate for that position. Each year thereafter the new hire would receive an increase of 10% until the 100% is reached. The City will pay this difference in wages paid to new hires as additions to the original established investment. As of June 30, 2008, the balance of this investment account is \$431,871.

NOTE 9. PENSION TRUST FUND

Defined Benefit Plan

A. PLAN DESCRIPTION

The Woodhaven Public Employee Retirement System is a single-employer public employee retirement system (PERS) established May 1, 1971, that administers the City's defined benefit plan for all its full-time municipal employees. As of June 30, 2007, participants in the pension plan consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	58
Current employees:	
Fully vested	<u>42</u>
TOTAL	<u>100</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

B. FUNDING POLICY

PERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 (50 for police officers in the POAM and lieutenants and 55 for AFSCME employees) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, in an amount equal to the product of years of credited service, not in excess of 30 years at retirement, and 2% (2.5% for non-command and command officers) of average monthly compensation. This rate increased to 2.25% for AFSCME Employees effective October 1, 1993. Employees with 10 years of credited service may retire at or after age 55 (50 for police officers) and receive a reduced retirement benefit.

Both command and non-command police officers in the bargaining units contribute 5.0% of their regular base pay to the PERS. AFSCME employees contribute 3.5% of regular base pay.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

The financial statements of the pension plan are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Method Used to Value Investments

The PERS investments are valued at current market prices.

Categories of Asset Risks

The Pension Trust Fund investments are located at the Depository Trust Corporation in New York, in safe deposit at a local bank, and with a brokerage company.

Act 314, P.A. 1965, as amended by Act 31, P.A. 1980, and Act 55, P.A. 1982 allows pension funds to be invested in a wide variety of instruments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The system's investments are categorized to give an indication of the level of risk assumed by the fund at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the system or its agent in the system's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the system's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

broker or dealer, or by its trust department or agent but not in the system's name. All investments of PERS are classified in Category 1 which bears the least risk.

The Money Market Fund is a temporary investment fund and represents 10 percent of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan.

INVESTMENT	CATEGORY			CARRYING	FAIR
	1	2	3	VALUE AT 6/30/2008	VALUE AT 6/30/2008
Bonds	\$ 4,612,495	\$ -	\$ -	\$ 4,615,729	\$ 4,612,495
Stocks	6,962,459	-	-	7,238,869	6,962,459
Mutual Funds	4,019,307	-	-	4,447,212	4,019,307
TOTAL INVESTMENTS	\$ 15,594,261	\$ -	\$ -	\$ 16,301,810	\$ 15,594,261

D. FUNDING STATUS AND PROGRESS

The amount shown as "actuarial liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is called the "actuarial present value of credited projected benefits" and is intended to help users assess PERS funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among other retirement systems.

Because the City of Woodhaven PERS uses the standardized measure only for disclosing purposes, the measurement is independent of the actuarial computation made to determine contributions to the PERS. The actuarial funding method used to determine contributions to the PERS is explained in Part D of this note.

The actuarial liability was determined as part of an actuarial valuation at June 30, 2007. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 7.25 percent per year after investment expenses, (b) projected salary increases of an average of 5.75 percent per year compounded annually, and (c) mortality based on the 1994 Group Annuity Mortality Table for males and females.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

At June 30, 2007, the unfunded actuarial liability was \$3,856,070 as follows:

Actuarial liability:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits and transferred participants.	\$ 10,401,585
Current Employees:	
Active Participants	<u>10,903,008</u>
TOTAL ACTUARIAL LIABILITY	21,304,593

Net assets available for benefits, at market, excluding voluntary employee contributions	<u>17,448,523</u>
UNFUNDED ACTUARIAL LIABILITY	<u>\$ 3,856,070</u>

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 40 year period from May 1, 1978. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method.

Actuarially determined contribution requirements based on an actuarial valuation performed at June 30, 2007 was estimated at \$976,934 (\$860,035 employer and \$116,899 mandatory employee). This contribution requirement consists of \$339,050 normal cost and \$479,336 amortization of the unfunded actuarial accrued liability.

It is the City's practice to make contributions throughout the year based on estimates of the total contribution requirement. Once the actuarial report is issued, usually 6 months after the plan's year-end, the City contributes any additional monies necessary to comply with the actuary's recommendation.

The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation. There were no material changes in the current year in the actuarial assumptions, actuarial funding method, or benefit provisions. The actuarial assumptions are scheduled to be re-evaluated during the 2007-2008 fiscal year.

CITY OF WOODHAVEN
 RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AS OF JUNE 30, 2008

<u>Plan Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1992	\$ 329,888	77%
1993	457,498	100%
1994	506,261	100%
1995	592,270	100%
1996	582,672	100%
1997	635,736	100%
1998	668,725	107%
1999	746,190	122%
2000	642,843	107%
2001	680,784	122%
2002	778,321	100%
2003	790,959	100%
2004	815,515	100%
2005	900,539	100%
2006	860,035	100%
2007	N/A	100%

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
CALCULATION OF NET PENSION OBLIGATION AT
TRANSITION FOR THE PENSION PLAN

Applicable Actuarial Valuation

As-of Date	Investment Assumption	Amort. Years	Recommended Contribution	Mbs. in Fiscal Year	Actual Contribution	Beginning of Year NPO	Annual Pension Cost (APC)	Increase in NPO (9-7)	End of Year NPO (8+10)
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
5/1/1988	7.00%	40	292,869	12	271,591	87,662	292,403	20,812	108,474
5/1/1989	7.00%	40	309,665	12	384,541	108,474	309,001	(75,540)	32,934
5/1/1990	7.00%	40	296,602	12	190,458	32,934	296,371	105,913	138,847
5/1/1991	7.00%	40	394,209	12	422,291	138,847	393,102	(29,189)	109,658
5/1/1992	7.00%	40	428,426	12	330,749	109,658	427,436	96,687	206,345
5/1/1993	7.25%	40	457,498	12	457,498	206,345	455,575	(1,923)	204,422
5/1/1994	7.25%	40	506,261	12	506,261	204,422	504,097	(2,164)	202,258
5/1/1995	7.25%	40	592,270	12	592,270	202,258	589,845	(2,425)	199,833
5/1/1996	7.25%	40	582,672	12	582,672	199,833	579,964	(2,708)	197,125
5/1/1997	7.25%	40	635,736	12	635,736	197,125	632,723	(3,013)	194,112
5/1/1998	7.25%	40	624,977	12	666,471	194,112	621,632	(44,839)	149,273
5/1/1999	7.25%	40	611,631	12	746,886	149,273	608,733	(138,153)	11,120
5/1/2000	7.25%	40	642,483	12	642,843	11,120	642,240	(603)	10,517
5/1/2001	7.25%	40	680,784	12	680,784	10,517	680,524	(260)	10,257
5/1/2002	7.25%	40	778,321	12	778,321	10,257	778,036	(285)	9,772
5/1/2003	7.25%	40	790,959	12	790,959	9,972	790,645	(314)	9,658
5/1/2004	7.25%	40	815,515	12	815,515	9,658	815,170	(345)	9,313
5/1/2005	7.25%	40.	900,539	12	900,539	9,313	900,245	(294)	9,019
5/1/2006	7.25%	40.	860,035	12	860,035	9,019	859,616	(419)	8,600
5/1/2007	7.25%	40.	837,372	12	-	8,600	-	-	-
5/1/2008	7.25%	40.	139,562	2	-	-	-	-	-

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
SCHEDULE OF FUNDING PROGRESS AS OF JUNE 30, 2008

Actuarial	Actuarial		Unfunded Actuarial		Annual	UAL as a
Valuation	Value of	Accrued	Liability	Funded	Covered	Percentage of
Date	Assets (AVA)	Liability (AAL)	(UAAL)	Ratio	Payroll	Covered Payroll
	(a)	(b)	(a-b)	(a/b)	(c)	((a-b)/c)
5/1/1992	4,509,897	7,790,752	3,280,855	57.89%	2,207,687	148.61%
5/1/1993	5,317,830	8,850,194	3,532,364	60.09%	2,388,821	147.87%
5/1/1994	6,108,086	10,072,234	3,964,148	60.64%	2,476,164	160.09%
5/1/1995	6,984,521	11,705,299	4,720,778	59.67%	2,331,645	202.47%
5/1/1996	7,958,357	12,463,821	4,505,464	63.85%	2,371,255	190.00%
5/1/1997	8,917,684	13,228,186	4,310,502	67.41%	2,607,115	165.34%
5/1/1998	10,020,281	14,059,100	4,038,819	71.27%	2,661,926	151.73%
5/1/1999	11,178,450	14,984,162	3,805,712	74.60%	2,777,144	137.04%
5/1/2000	12,383,239	16,158,182	3,774,943	76.64%	2,968,880	127.15%
5/1/2001	13,297,467	17,609,847	4,312,380	75.51%	2,746,305	157.02%
5/1/2002	13,901,961	18,418,024	4,516,060	76.00%	2,908,587	155.30%
5/1/2003	14,413,268	19,053,138	4,640,170	76.00%	2,723,124	170.40%
5/1/2004	15,008,763	19,693,474	4,684,711	76.00%	2,735,525	171.30%
5/1/2006	15,644,247	20,750,547	5,106,300	75.00%	2,862,439	178.40%
5/1/2006	16,515,478	21,228,733	4,713,255	78.00%	2,613,437	180.30%
5/1/2007	17,246,162	21,057,511	3,811,349	82.00%	2,548,547	149.50%
6/30/2007	17,448,523	21,304,593	3,856,070	82.00%	2,565,260	150.30%

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2007
Actuarial Cost Method	Individual Entry Age
Amortization Method	40-year level dollar
Remaining Amortization Period	10.833 years
Asset Valuation Method	Assets are adjusted to recognize 25% of the balance of changes in realized and unrealized gains and losses. assets are projected by estimated contributions, dividend and interest income, benefit payments and expenses.

Actuarial Assumptions:

Investment rate of return	7.25%
Salary Scale	4.00-6.50%
Wage Inflation	4.00%
Cost-of-living adjustments	None

Defined Contribution Plan

A. Plan Description

The City of Woodhaven Defined Contribution Pension Plan was established by the City of Woodhaven to provide benefits at retirement to all general employees and full-time firefighters of the City. At June 30, 2008 there were 38 plan members. Plan members are required to contribute a minimum of 5% of their base pay. The City is required to contribute a minimum of 10% of base pay. Plan provisions and contribution requirements are established and may be amended by the Woodhaven City Council.

B. Significant Accounting Policies

Basis of Accounting. The City of Woodhaven Defined Contribution Retirement Plan financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

NOTE 10. JOINTLY GOVERNED ORGANIZATIONS

South Huron Valley Utility Authority - The City of Woodhaven, along with seven other communities, is a member of the South Huron Valley Utility Authority. The Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. The eight communities are represented in the Authority's Board of Commissioners who has the responsibility of reviewing all financial matters of the Authority. The Board of Commissioners is made up of one member from each participating community. The member communities have an entitlement and residual interest in the Authority's net assets. All debt of the Authority is backed by the full faith and credit of its eight member communities. The amounts charged to its members will, by definition, be equal to the Authority's costs of providing sewage transportation and treatment. Therefore, the investment of the City of Woodhaven is reported as, "Investment in Joint Venture - SHVUA" on the statement of net assets of the government-wide statements at 16.39% of the Authority's net assets.

The City's portion of the Authority's outstanding debt at June 30, 2008 is as follows:

	Balance <u>7/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/2008</u>	Current <u>Portion</u>	Non-Curr <u>Portion</u>
1991 SRF Bonds	977,924	-	237,711	740,213	242,225	497,988
1998 Expansion Bonds	1,219,455	-	73,879	1,145,576	75,718	1,069,858
2004 Expansion Bonds	2,793,959	-	120,034	2,673,925	123,193	2,550,732
	<u>4,991,338</u>	<u>-</u>	<u>431,624</u>	<u>4,559,714</u>	<u>441,136</u>	<u>4,118,578</u>

33rd District Court - The City of Woodhaven, in conjunction with six other communities, created the 33rd District Court. The Court entertains cases of the seven community areas. The seven communities are represented in the Management Council who has the responsibility of reviewing all financial matters of the Court. The Management Council is made up of one member from each participant community. The member communities have an entitlement and residual interest in the Court net assets. This entitlement and residual interest is determined by the annual caseload of the respective community. The annual contribution by each community to the Court's budget is also determined in the same manner. Therefore, the investment of the City of Woodhaven is reported

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2008
(continued)

as, "Investment in Joint Venture - 33rd District Court" on the statement of net assets of the government-wide statements at 10.96% of the court net assets.

NOTE 11 – RISK MANAGEMENT

Risk Management – The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The risk pool programs operate as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Both pool programs will be self-sustaining through member premiums.

NOTE 12 – SUBSEQUENT EVENT

In October of 2008, the City of Woodhaven issued \$6,000,000 limited tax general obligation capital improvement bonds to pay the costs of certain road and street improvements and construction of a railroad underpass within the City. The interest rate on the bonds range from 3.20 – 4.35 percent and the maturity date is October 1, 2024. The City has designated 1.5 mills of the total 18.33 mill tax levy to pay principal and interest on the bonds.

REQUIRED SUPPLEMENTAL INFORMATION

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES FROM TAXES:				
Current tax levy	\$ 9,077,619	\$ 9,077,619	\$ 9,073,583	\$ (4,036)
Current tax levy, SHVUA	526,425	526,425	526,168	(257)
Administrative fee	213,294	213,294	224,313	11,019
Mobile home fees	1,220	1,220	1,082	(138)
Interest and penalties/delinquent	7,500	7,500	63,848	56,348
Infrastructures	855,975	855,975	855,584	(391)
TOTAL	10,682,033	10,682,033	10,744,578	62,545
REVENUES FROM LICENSES:				
Site-plan review fees	10,000	10,000	14,150	4,150
Property split fees	600	600	5,228	4,628
Animal licenses	3,750	3,750	5,270	1,520
Miscellaneous permits	-	-	1,550	1,550
Zoning Board of Appeals	1,500	1,500	900	(600)
TOTAL	15,850	15,850	27,098	11,248
REVENUES FROM STATE:				
Telecom authority	33,400	33,400	27,650	(5,750)
Sales tax	1,206,478	1,206,478	1,192,187	(14,291)
Liquor license	7,800	7,800	8,018	218
TOTAL	1,247,678	1,247,678	1,227,855	(19,823)
REVENUES FROM FEDERAL:				
FEMA Grant	-	-	16,000	16,000
TOTAL	-	-	16,000	16,000

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OUTSIDE REVENUE:				
Telecommunications fees	-	-	5,360	5,360.00
Cable TV - franchise fees	150,000	150,000	192,778	42,778
TOTAL	150,000	150,000	198,138	48,138
OTHER REVENUES:				
Fines and forfeitures	294,546	294,546	275,127	(19,419)
Animal shelter	45,000	45,000	76,068	31,068
Miscellaneous revenue	81,643	81,643	189,456	107,813
Interest on investments	215,000	215,000	384,152	169,152
Retiree medical insurance reimbursement	105,226	105,226	135,270	30,044
Rescue - Fire Dept.	308,000	308,000	311,635	3,635
Use and admission fees - recreation	147,500	147,500	152,764	5,264
Festival revenue	15,000	15,000	18,363	3,363
4th of July	3,000	3,000	4,013	1,013
Park Pavillion	-	-	720	720
Misc Revenue - Police	39,000	39,000	51,238	12,238
TOTAL	1,253,915	1,253,915	1,598,806	344,891
TOTAL REVENUES	\$ 13,349,476	\$ 13,349,476	\$ 13,812,475	\$ 462,999

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Animal Shelter	\$ 120,232	\$ 120,232	98,451	\$ 21,781
City Attorney	100,000	100,000	99,208	792
City Engineer	35,000	35,000	18,631	16,369
Justice	415,085	415,085	395,120	19,965
Library Commission	100,000	100,000	87,992	12,008
Clerk's Office	222,258	222,258	206,959	15,299
Community Activities Building	167,222	167,222	165,005	2,217
Board of Elections	42,196	42,196	23,396	18,800
Public Safety/Fire	1,528,193	1,528,193	1,431,048	97,145
General Government	1,016,999	1,016,999	1,048,160	(31,161)
Planning Commission	18,268	18,268	14,488	3,780
Public Safety/Police	4,922,040	4,922,040	4,592,973	329,067
Department of Public Services	2,498,204	2,498,204	2,255,199	243,005
Recreation Commission	54,634	54,634	45,228	9,406
Recreation Department	477,428	477,428	410,381	67,047
Treasurer's/Finance Department	496,494	496,494	445,188	51,306
Cable TV Commission	18,480	18,480	10,953	7,527
Huron Valley Waste Control System	504,533	504,533	564,602	(60,069)
TOTAL EXPENDITURES	\$ 12,737,266	\$ 12,737,266	\$ 11,912,982	\$ 824,284

City of Woodhaven

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)

General Fund

June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES	\$ 13,349,476	\$ 13,349,476	\$ 13,812,475	\$ 462,999
EXPENDITURES	12,737,266	12,737,266	11,912,982	824,284
EXCESS REVENUES OVER (UNDER) EXPENDITURES	612,210	612,210	1,899,493	1,287,283
OTHER FINANCING SOURCES (USES):				
Transfer to other funds	(1,717,582)	(1,717,582)	(1,381,400)	336,182
TOTAL OTHER FINANCING SOURCES (USES)	(1,717,582)	(1,717,582)	(1,381,400)	336,182
EXCESS OF EXPENDITURES AND OTHER (USES) OVER REVENUES AND OTHER SOURCES	(1,105,372)	(1,105,372)	518,093	1,623,465
FUND BALANCE, beginning	5,914,636	5,914,636	5,914,636	-
FUND BALANCE, ending	\$ 4,809,264	\$ 4,809,264	\$ 6,432,729	\$ 1,623,465

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance-
Budget and Actual
For the Fiscal Year Ended June 30, 2008

	MOTOR VEHICLE HIGHWAY MAJOR STREET FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	
REVENUES:					
Interest on savings and investments	\$ 82,500	\$ 82,500	\$ 81,289	\$ (1,211)	
State sources	404,036	404,036	391,586	(12,450)	
TOTAL REVENUES	486,536	486,536	472,875	(13,661)	
EXPENDITURES:					
Street maintenance	345,897	380,897	354,943	25,954	
Snow removal	6,250	16,250	13,693	2,557	
Other expenditures	33,380	103,380	83,807	19,573	
TOTAL EXPENDITURES	385,527	500,527	452,443	48,084	
Excess of Revenues (Under) Expenditures	101,009	(13,991)	20,432	34,423	
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(101,009)	(101,009)	(97,896)	3,113	
TOTAL OTHER FINANCING SOURCES (USES)	(101,009)	(101,009)	(97,896)	3,113	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	(115,000)	(77,464)	37,536	
FUND BALANCE, beginning	2,116,916	2,116,916	2,116,916	-	
FUND BALANCE, ending	\$ 2,116,916	\$ 2,001,916	\$ 2,039,452	\$ 37,536	

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2008

POLICE FORFEITURES				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 14,000	\$ 14,000	\$ 29,794	\$ 15,794
State Forfeitures	-	-	32,996	32,996
Federal Forfeitures	150,000	254,260	478,755	224,495
TOTAL REVENUES	164,000	268,260	541,545	273,285
EXPENDITURES:				
Coummunications and computers	20,000	124,260	71,931	52,329
Other expenditures	57,000	57,000	52,453	4,547
TOTAL EXPENDITURES	77,000	181,260	124,384	56,876
EXCESS OF REVENUES OVER EXPENDITURES	87,000	87,000	417,161	330,161
FUND BALANCE, beginning	714,544	714,544	714,544	-
FUND BALANCE, ending	\$ 801,544	\$ 801,544	\$ 1,131,705	\$ 330,161

City of Woodhaven
Statement of Revenues, Expenses, and Changes
In Net Assets - Budget and Actual
For the year Ended June 30, 2008

	WATER DEPARTMENT FUND		
	ORIGINAL	FAVORABLE	
	AND FINAL	(UNFAVORABLE)	
	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES:			
Water and sewer billings	\$ 2,188,478	\$ 2,197,253	\$ 8,775
Arrears and penalties, water billings	33,046	30,841	(2,205)
Tap-in fees, permits, and benefits:			
Water	14,100	6,850	(7,250)
Sewer	14,100	6,920	(7,180)
Sale of water fittings, meters, and miscellaneous	13,044	291,981	278,937
Fire hydrant rental	35,250	35,334	84
TOTAL OPERATING REVENUES	2,298,018	2,569,179	271,161

OPERATING EXPENSES:			
Salaries and wages	388,843	405,732	(16,889)
Social Security and retirement	103,366	87,688	15,678
Insurance	154,193	151,423	2,770
Meal allowance, uniforms, and car allowance	7,900	4,160	3,740
Office supplies	1,000	1,069	(69)
Departmental supplies	3,000	2,488	512
Maintenance	52,985	19,912	33,073
Sewage disposal	866,162	772,365	93,797
Water purchases	1,139,256	1,175,800	(36,544)
Utilities and telephone	13,299	9,588	3,711
Postage	7,650	7,423	227
Printing and publications	1,850	1,859	(9)

	WATER DEPARTMENT FUND		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Memberships and subscriptions	950	719	231
Depreciation	294,500	517,371	(222,871)
Motor Pool equipment rent	142,906	142,906	-
Professional / audit fees	13,750	20,047	(6,297)
Engineering and contractual services	19,250	30,237	(10,987)
Training program	1,200	1,953	(753)
Compensated absences	8,150	5,078	3,072
Miscellaneous expense	15,850	282	15,568
TOTAL OPERATING EXPENSES	3,236,060	3,358,100	(122,040)
NET OPERATING INCOME (LOSS)	(938,042)	(788,921)	149,121
NONOPERATING REVENUE (EXPENSE):			
Interest Income	217,909	223,859	5,950
Transfer to Fiducary Fund	-	-	-
TOTAL NONOPERATING REVENUE (EXPENSE)	217,909	223,859	5,950
CHANGE IN NET ASSETS	(720,133)	(565,062)	155,071
NET ASSETS, beginning of year	11,315,225	11,315,225	-
NET ASSETS, end of year	\$ 10,595,092	\$ 10,750,163	\$ 155,071

SUPPLEMENTAL INFORMATION

City of Woodhaven
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS

	LOCAL HIGHWAY	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	BUILDING INSPECTION	DEBT SERVICE	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash	\$ 32,466	\$ 11,226	\$ -	\$ 45,142	\$ -	\$ -	\$ 88,834
Cash equivalents	420,270	93,180	-	109,179	17,817	188,300	828,746
Due from other funds	97,896	-	-	-	-	-	97,896
Due from other governments	31,674	-	57,750	-	-	-	89,424
TOTAL ASSETS	\$ 582,306	\$ 104,406	\$ 57,750	\$ 154,321	\$ 17,817	\$ 188,300	\$ 1,104,900

ASSETS:

LIABILITIES AND FUND BALANCE:

Accounts payable	\$ 271	\$ 800	\$ -	\$ 1,571	\$ -	\$ -	\$ 2,642
Accrued wages	957	-	-	2,092	-	-	3,049
Due to other funds	-	-	57,750	567	6,333	-	64,650
TOTAL LIABILITIES	1,228	800	57,750	4,230	6,333	-	70,341
Fund Balance	581,078	103,606	-	150,091	11,484	188,300	1,034,559
TOTAL LIABILITIES AND FUND BALANCE	\$ 582,306	\$ 104,406	\$ 57,750	\$ 154,321	\$ 17,817	\$ 188,300	\$ 1,104,900

City of Woodhaven
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2008

	SPECIAL REVENUE FUNDS				DEBT SERVICE	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL HIGHWAY	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	BUILDING INSPECTION			
REVENUES:							
Interest Income	\$ 5,332	\$ 3,996	\$ -	\$ 4,741	\$ (1)	\$ 3,596	\$ 17,664
Federal Grants	-	-	206,505				206,505
State Grants	193,299						193,299
Program Fees	-	18,310	-	-	-	-	18,310
License and Permit Fees	-	-	-	273,857	-	-	273,857
Other Revenues	10,401	-	-	250	-	-	10,651
TOTAL REVENUES	209,032	22,306	206,505	278,848	(1)	3,596	720,286
EXPENDITURES:							
General Government	-	-	-	355,063	-	-	355,063
Highways & Streets	906,112	-	-				906,112
Community & Economic Devel.	-	-	206,505	-	-	-	206,505
Recreation & Culture	-	76,074	-	-	-	-	76,074
Debt payments:							
Principal	-	-	-	-	366,972	-	366,972
Interest	-	-	-	-	158,843	-	158,843
TOTAL EXPENDITURES	906,112	76,074	206,505	355,063	525,815	-	2,069,569
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(697,080)	(53,768)	-	(76,215)	(525,816)	3,596	(1,349,283)
OTHER FINANCING SOURCES:							
Transfer from General Fund	97,896	-	-	-	525,816	-	623,712
Transfer from Major Highway	855,584	-	-	-	-	-	855,584
Total Other Financing Sources	953,480	-	-	-	525,816	-	1,479,296
NET CHANGE IN FUND BALANCES	256,400	(53,768)	-	(76,215)	-	3,596	130,013
FUND BALANCE, beginning	324,678	157,374	-	226,306	11,484	184,704	904,546
FUND BALANCE, ending	\$ 581,078	\$ 103,606	\$ -	\$ 150,091	\$ 11,484	\$ 188,300	\$ 1,034,559

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2008

MOTOR VEHICLE HIGHWAY LOCAL STREET FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 3,500	\$ 5,332	\$ 1,832
State sources	200,592	193,299	(7,293)
Other revenue	-	10,401	10,401
TOTAL REVENUES	204,092	209,032	4,940
EXPENDITURES:			
Street maintenance	855,975	676,035	179,940
Snow removal	29,532	29,533	(1)
Other expenditures	275,569	200,544	75,025
TOTAL EXPENDITURES	1,161,076	906,112	254,964
Excess of Revenues (Under) Expenditures	(956,984)	(697,080)	259,904
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	956,984	953,480	(3,504)
TOTAL OTHER FINANCING SOURCES (USES)	956,984	953,480	(3,504)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	256,400	256,400
FUND BALANCE, beginning	324,678	324,678	-
FUND BALANCE, ending	\$ 324,678	\$ 581,078	\$ 256,400

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2008

COMMUNITY ACTIVITIES CENTER				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 1,000	\$ 1,000	\$ 3,996	\$ 2,996
Rental	15,000	15,000	18,310	3,310
TOTAL REVENUES	16,000	16,000	22,306	6,306
EXPENDITURES:				
Maintenance of equipment	60,000	67,000	66,564	436
Other expenditures	15,000	13,000	9,510	3,490
TOTAL EXPENDITURES	75,000	80,000	76,074	3,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,000)	(64,000)	(53,768)	10,232
FUND BALANCE, beginning	157,374	157,374	157,374	-
FUND BALANCE, ending	\$ 98,374	\$ 93,374	\$ 103,606	\$ 10,232

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2008

COMMUNITY DEVELOPMENT BLOCK GRANT				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Federal program revenue	\$ 77,000	\$ 206,128	\$ 206,505	\$ 377
TOTAL REVENUES	77,000	206,128	206,505	377
EXPENDITURES:				
Community projects	77,000	206,128	206,505	(377)
TOTAL EXPENDITURES	77,000	206,128	206,505	(377)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	\$ -	\$ -	\$ -

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2008

BUILDING INSPECTION			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 500	\$ 4,741	\$ 4,241
Permits and fees	182,000	273,857	91,857
Miscellaneous Revenue	-	250	250
TOTAL REVENUES	182,500	278,848	96,348
EXPENDITURES:			
Wages and benefits	345,131	326,392	18,739
Other expenditures	37,160	28,671	8,489
TOTAL EXPENDITURES	382,291	355,063	27,228
Excess of Revenues (Under) Expenditures	(199,791)	(76,215)	123,576
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	199,791	-	(199,791)
TOTAL OTHER FINANCING SOURCES (USES)	199,791	-	(199,791)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	(76,215)	(76,215)
FUND BALANCE, beginning	226,306	226,306	-
FUND BALANCE, ending	\$ 226,306	\$ 150,091	\$ (76,215)

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Fund
June 30, 2008

	DEBT SERVICE FUND		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 4,500	\$ (1)	\$ (4,501)
TOTAL REVENUES	4,500	(1)	(4,501)
EXPENDITURES:			
Debt payments:			
Principal	367,100	366,972	128
Interest	158,716	158,843	(127)
TOTAL EXPENDITURES	525,816	525,815	1
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(521,316)	(525,816)	(4,500)
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	525,816	525,816	-
Transfer to General Fund	(4,500)	-	4,500
Total Other Financing Sources	521,316	525,816	4,500
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCE, beginning	11,484	11,484	-
FUND BALANCE, ending	\$ 11,484	\$ 11,484	\$ -

City of Woodhaven
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual (Budgetary Basis)
Nonmajor Governmental Fund
June 30, 2008

CAPITAL IMPROVEMENT FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE:			
Interest	\$ 2,500	\$ 3,596	\$ 1,096
TOTAL REVENUE	2,500	3,596	1,096
EXPENDITURES:			
Project Costs	117,500	-	117,500
TOTAL EXPENDITURES	117,500	-	117,500
Excess of Revenues (Under) Expenditures	(115,000)	3,596	118,596
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	115,000	-	(115,000)
TOTAL OTHER FINANCING SOURCES (USES)	115,000	-	(115,000)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	3,596	3,596
FUND BALANCE, beginning	184,704	184,704	-
FUND BALANCE, ending	\$ 184,704	\$ 188,300	\$ 3,596

City of Woodhaven
Internal Service Fund
Statement of Revenues, Expenditures and
Changes in Net Assets - Budget and Actual (Budgetary Basis)
June 30, 2008

MOTOR POOL FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING REVENUES:			
User charges	\$ 731,044	\$ 731,044	\$ -
Miscellaneous	-	17,682	17,682
TOTAL OPERATING REVENUES	731,044	748,726	17,682
OPERATING EXPENDITURES:			
Salaries and wages	229,948	199,215	30,733
Employee benefits	131,303	100,588	30,715
Compensated absences	10,000	1,013	8,987
Supplies	8,000	2,565	5,435
Contracted services	2,500	1,145	1,355
Maintenance	118,150	81,668	36,482
Insurance	93,234	142,014	(48,780)
Motor fuel lubricants	120,000	128,668	(8,668)
Depreciation expense	276,283	234,177	42,106
Uniforms	3,025	2,767	258
Memberships and training	3,000	20	2,980
Interest	5,097	7,007	(1,910)
Contingency	4,500	-	4,500
Miscellaneous	1,000	61	939
Professional fees	7,050	5,394	1,656
TOTAL OPERATING EXPENDITURES	1,013,090	906,302	106,788
NET OPERATING INCOME (LOSS)	(282,046)	(157,576)	124,470
NONOPERATING REVENUE (EXPENSE)			
Interest on investments	10,800	12,642	1,842
Gain on disposal of equipment	-	10,000	10,000
TOTAL NON-OPERATING REVENUE (EXPENSE)	10,800	22,642	11,842
NET INCOME	(271,246)	(134,934)	136,312
NET ASSETS, beginning	1,213,491	1,213,491	-
NET ASSETS, ending	\$ 942,245	\$ 1,078,557	\$ 136,312

City of Woodhaven
Component Unit
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
June 30, 2008

DOWNTOWN DEVELOPMENT AUTHORITY FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Current Taxes	\$ 1,319,991	\$ 1,313,196	\$ (6,795)
Investment Interest	110,000	242,144	132,144
Miscellaneous Revenue	-	1,952	1,952
TOTAL REVENUES	1,429,991	1,557,292	127,301
EXPENDITURES:			
Project and Other Costs	1,412,991	121,648	1,291,343
Tax Tribunal Adjustments	17,000	-	17,000
TOTAL EXPENDITURES	1,429,991	121,648	1,308,343
Total Revenue Over (Under) Expenditures	-	1,435,644	1,435,644
Fund Balance, beginning	4,229,292	4,229,292	-
Fund Balance, ending	\$ 4,229,292	\$ 5,664,936	\$ 1,435,644

City of Woodhaven
Combining Statement of Net Assets
Pension Trust
June 30, 2008

	Defined Benefit	Defined Contribution	Total Pension Trust Funds
ASSETS:			
Cash & cash equivalents	\$ 626,708	\$ -	\$ 626,708
Investments	15,594,262	2,753,461	18,347,723
Accrued interest and dividends	44,887	-	44,887
Due from other funds	884,991	-	884,991
TOTAL ASSETS	17,150,848	2,753,461	19,904,309
NET ASSETS			
NET ASSETS:			
Net assets held in trust	17,150,848	2,753,461	19,904,309
TOTAL NET ASSETS	\$ 17,150,848	\$ 2,753,461	\$ 19,904,309

City of Woodhaven
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2008

	Defined Benefit	Defined Contribution	Total Pension Trust Funds
ADDITIONS:			
Contributions			
Employer	\$ 844,591	\$ 234,419	\$ 1,079,010
Plan member	111,648	117,209	228,857
Total contributions	<u>956,239</u>	<u>351,628</u>	<u>1,307,867</u>
Investment Income			
Net depreciation in fair value of investments	(2,185,071)	(216,650)	(2,401,721)
Interest and dividends	400,673	-	400,673
Gain on sale of investments	823,447	-	823,447
Other Receipts	984	-	984
Total investment (loss)	<u>(959,967)</u>	<u>(216,650)</u>	<u>(1,176,617)</u>
Investment expense	<u>(54,144)</u>	-	<u>(54,144)</u>
Net investment (loss)	<u>(1,014,111)</u>	<u>(216,650)</u>	<u>(1,230,761)</u>
 TOTAL ADDITIONS (REDUCTIONS)	 <u>(57,872)</u>	 134,978	 <u>77,106</u>
DEDUCTIONS:			
Benefits	1,155,504	-	1,155,504
TOTAL DEDUCTIONS	<u>1,155,504</u>	<u>-</u>	<u>1,155,504</u>
CHANGE IN NET ASSETS INCREASE (DECREASE)	(1,213,376)	134,978	(1,078,398)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	18,364,224	2,618,483	20,982,707
End of Year	<u>\$ 17,150,848</u>	<u>\$ 2,753,461</u>	<u>\$ 19,904,309</u>

City of Woodhaven
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2008

	TAX RECEIVING FUND	COURT FUND	PAYROLL FUND	RETIREES BENEFIT FUND	BOND COMPLIANCE FUND	TREE PLANTING FUND	ENGINEERING FEES FUND	TOTAL AGENCY FUNDS
CURRENT ASSETS:								
Cash and cash equivalents	\$ 4,408	\$ 10	\$ 51	\$ 845,425	\$ 557,883	\$ 21,851	\$ 370,767	\$ 1,800,395
Accrued interest receivable	-	-	-	5,266	-	-	-	5,266
TOTAL CURRENT ASSETS	\$ 4,408	\$ 10	\$ 51	\$ 850,691	\$ 557,883	\$ 21,851	\$ 370,767	\$ 1,805,661
LIABILITIES:								
CURRENT LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,480	\$ 32,480
Due to General Fund	55	-	50	-	13,048	3,221	14,170	30,544
Due to Retirement Fund	-	-	-	54,025	-	-	-	54,025
Due to other governments	4,353	-	-	-	-	-	-	4,353
Deferred revenue	-	10	-	-	-	-	-	10
Union Dues Payable	-	-	1	-	-	-	-	1
Bond compliance deposits	-	-	-	-	539,835	-	324,117	863,952
Escrow Payable	-	-	-	-	5,000	-	-	5,000
Tree Planting	-	-	-	-	-	18,630	-	18,630
Retirees Benefits	-	-	-	796,666	-	-	-	796,666
TOTAL CURRENT LIABILITIES	\$ 4,408	\$ 10	\$ 51	\$ 850,691	\$ 557,883	\$ 21,851	\$ 370,767	\$ 1,805,661

City of Woodhaven
Water Department Fund
Schedule of Cash Receipts and Disbursements - Restricted Accounts
For the year Ended June 30, 2008

	DEPRECIATION	SUPER SEWER	HEALTHCARE	TOTAL
Cash and investments at beginning of year	\$ 1,127,955	\$ 260,691	\$ 72,839	\$ 1,461,485
Cash Receipts				
Interest earnings	50,037	11,323	-	61,360
TOTAL CASH AND INVESTMENTS AVAILABLE	1,177,992	272,014	72,839	1,522,845
Cash and investments at year end	\$ 1,177,992	\$ 272,014	\$ 72,839	\$ 1,522,845

**CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN**

COMMENTS AND RECOMMENDATIONS

Year Ended June 30, 2008

DARNELL & MEYERING, P.C.

Certified Public Accountants

20600 EUREKA ROAD • SUITE 900

TAYLOR, MICHIGAN 48180

(734) 246-9240

FAX (734) 246-8635

CLINTON MEYERING, C.P.A.
RANDALL H. DARNELL, C.P.A.
DALE A. VESTRAND, C.P.A.
WENDY L. DANVILLE, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2008

The Honorable Mayor and
Members of the City Council
The City of Woodhaven
21869 West Road
Woodhaven, Michigan 48183

New auditing rules have resulted in some changes in the communications that we are required to provide following our audit. These rules require us to more formally communicate matters we note about your accounting Procedures and internal controls. While we are required to provide our observations in these areas as part of our audit, we are required to tell you about items of concerns and to communicate them in writing.

The new auditing standards (Statement of Auditing Standards Number 112, referred to as SAS 112) require us to inform you about any matters noted in your accounting procedures or internal controls that the new auditing standards define as a significant deficiency. The new threshold for a significant deficiency is any flaw that creates more than a remote risk of errors in your financial statements that could matter to a user of the statements. Matters that may be immaterial to the financial statements still may be classified by the new auditing standards as a significant deficiency. For example, the requirements of SAS 112 go so far as to classify certain journal entries proposed by your auditor as a significant deficiency.

We are also required to communicate these matters to more people. In the past, we have provided our comments and recommendations as part of a meeting or discussion at the end of our work directly to management. Under these new rules, we are obligated to communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for your operations, in addition to our communications with management. This communication is intended to comply with the requirements of the new auditing standards.

In planning and performing our audit of the financial statements of the City of Woodhaven (the "City") for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements,

November 26, 2008

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but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be significant and/or material deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The following internal control deficiencies from the previous year have been rectified:

1. We noted no purchase orders between \$1,000 and \$5,000 that were received for approval subsequent to the receipt of an invoice and did not find any that required three written price quotations.
2. A software package has been utilized to track all customer deposits in the water department and a monthly reconciliation is being done to agree to the deposits on hand.

These are comments we have this year:

Control Deficiency

Comment:

Again, expense activities in the General Fund were in excess of budget.

November 26, 2008

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Recommendation:

We recommend that the treasurer submit an amended budget prior to the end of the fiscal year.

Response:

An amended budget was submitted prior to the end of the fiscal year, however the expenses were under estimated in two activities. In the future, the budget functions will be followed closer to eliminate expenditure overages.

Significant Deficiency

Comment:

The amount of adjusting journal entries made exceeded the level of materiality.

Recommendation:

We recommend that all adjusting entries that are of a material level be made prior to year end.

Response:

A process has now been set up to prepare those entries prior to year end.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. No deficiencies that constitute a material weakness came to our attention.

This report is intended solely for the information and use of The City of Woodhaven, management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Darnell & Meyering, P.C.